

## FISCAL NOTE

### SB 2391 - HB 2673

February 13, 2002

**SUMMARY OF BILL:** Exempts state officers and employees from the 6% state sales tax. Requires the employee to produce a state-issued photo identification card at the time of the purchase of goods or services in order to qualify for the tax exemption.

### ESTIMATED FISCAL IMPACT:

**Decrease State Revenues - \$85,318,493**

**Decrease Local Govt. Revenues - \$3,668,696**

Estimate assumes the following:

- State sales and use tax collections for FY 02-03 are estimated at \$4,514,206,000; of which \$2,843,949,780 is the consumer portion of sales and use tax collections.
- Based on information provided by the Department of Revenue, obtained from the Bureau of Economic Analysis, state employee wage and salary income is estimated to be 3% of total wage and salary income in Tennessee.
- The decrease in state revenues is estimated to be \$85,318,493; which is calculated as follows:
  - \$4,514,206,000 Sales and Use Tax Collections
  - X63% Consumer Portion
  - \$2,843,949,780
  - X 3% State Employee Wage Portion
  - \$85,318,493 Decrease in State Revenues
- The decrease in local government revenues is estimated to be \$3,668,696.
  - For information purposes, local governments receive approximately 4.3% of state sales taxes in shared taxes.
  - The decrease in local government revenues is calculated as follows:
    - \$85,318,493 decrease in state revenues
    - X 4.3% Decrease in State Shared Taxes to Local
    - \$3,668,696 Decrease in Local Government Revenues

### CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James A. Davenport, Executive Director